

Message Text

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21

ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06 L-03

/039 R

DRAFTED BY EB/TCA/MA:SVSMITH/CTAYLOR:BST

APPROVED BY EB/TCA/MA:RKBANK

EA/IMS:ADORNHEIM

FMC:WJSMITH (SUBS)

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R 091651Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

INFO AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: EWWT, ID, SN

SUBJECT: OCEAN SHIPPING: REPORTED GOI ACTIONS

REF: JAKARTA 7810

1. REGARDING PARA 4 REFTTEL, IF GOI WISHES TO SEEK RELIEF FROM FREIGHT RATES OF JAVA-NEW YORK AND DELI-NEW YORK CONFERENCES, IT SHOULD IN FIRST INSTANCE SEEK DISCUSSIONS WITH THE CONFERENCES THEMSELVES.

2. IN THE EVENT DISCUSSIONS WITHIN THE CONFERENCE SYSTEM DO NOT RESOLVE THE ISSUE, GOI MAY WISH TO RAISE THE ISSUE OF RATE REDUCTIONS WITH U.S. FEDERAL MARITIME COMMISSION (FMC) WHICH IS AUTHORIZED TO EXAMINE, AT THE BEHEST OF THIRD PARTY GOVERNMENTS, ANY RATE SCHEDULE FILED WITH IT.

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3. FMC INFORMS DEPARTMENT THAT IN SUCH AN EVENTUALITY GOI SHOULD IDENTIFY FOR FMC A FEW KEY COMMODITIES FOR WHICH GOI BELIEVES FREIGHT RATES MAY BE OUT OF LINE. FMC WOULD THEN PREPARE A STUDY ON FREIGHT RATES FOR THESE COMMODITIES. IF RESULTS OF STUDY INDICATED TO FMC THAT FREIGHT RATES INDEED APPEARED TO BE TOO HIGH, FMC WOULD THEN QUERY CONFERENCES INVOLVED TO SEEK REASON FOR THE LEVEL OF THE RATES AND APPARENT DISPARITY BETWEEN RATES FOR INDONESIA AND SINGAPORE.

4. EMBASSY SHOULD CAUTION GOI AUTHORITIES THAT FMC STUDY MIGHT NOT, IN FACT, FIND THAT FREIGHT RATES FROM INDONESIA ARE EXCESSIVE. FURTHER, EVEN IF STUDY INDICATED THAT RATES FROM INDONESIA AND SINGAPORE APPEARED TO BE MEASURABLY DIFFERENT, SUBSEQUENT DISCUSSIONS WITH CONFERENCES MIGHT UNCOVER ADDITIONAL VALID ECONOMIC OR COMMERCIAL REASONS FOR RATES FROM INDONESIA TO BE HIGHER THAN THOSE FROM SINGAPORE. IF, ON THE OTHER HAND, FMC BECAME CONVINCED THAT THE RATES WERE TOO HIGH, IT WOULD ATTEMPT TO ENCOURAGE THE CONFERENCES TO LOWER THE RATES. (NOTE: FMC CAN ONLY FORCE A RATE OR TARIFF TO BE LOWERED THROUGH VERY LENGTHY FORMAL HEARINGS. IN PRACTICE, FMC AND THE CONFERENCES AVOID FORMAL HEARINGS WHERE POSSIBLE. HOWEVER, IN CASES WHERE RATES APPEAR UNREASONABLY HIGH, FMC FREQUENTLY IS SUCCESSFUL, THROUGH INFORMAL DISCUSSIONS, IN MEDIATING THE DIFFERENCES BETWEEN THE SHIPPERS AND THE CARRIERS.) KISSINGER

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Margaret P. Grafeld
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